

Message Text

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SUBJ: US GOALS AND OBJECTIVES IN POLAND - ADDITIONAL COMMENTS
ON AGRICULTURE

REF: (A) WARSAW 1420, (B) 77 STATE 295591

1. SUMMARY. THE FOLLOWING COMMENTS, DRAFTED BY THE EMBASSY'S AGRICULTURAL ATTACHE, SUPPLEMENT THE DISCUSSION OF AGRICULTURAL OBJECTIVES IN REF. A. IN ESSENCE, WE BELIEVE THE DIRECTIVE (REF B) "TO MONITOR POLAND'S NEEDS FOR AGRICULTURAL PRODUCTS AND CREDIT FROM THE UNITED STATES" IS REASONABLE AS FAR AS IT GOES, BUT IT COULD BE EXPANDED. IN ADDITION TO MONITORING POLAND'S NEEDS, WE SHOULD ALSO PROMOTE BROADER US AGRICULTURAL INTERESTS, INCLUDING THE SALE OF US COMMODITIES. THIS CAN BE ACHIEVED THROUGH CONTINUED ENCOURAGEMENT OF POLISH COOPERATION WITH PRIVATE US FARM AND AGRIBUSINESS COOPERATOR GROUPS, THROUGH JUDICIOUS USE OF AGRICULTURAL CREDITS, THROUGH BROADER US-POLISH SCIENTIFIC, TECHNICAL, AND INFORMATION EXCHANGE, AND BY MAINTAINING THE CLOSE WORKING TIES WHICH EXIST BETWEEN THE EMBASSY AND POLISH AGRICULTURAL ENTITIES. END SUMMARY.

2. A MAJOR OBJECTIVE OF US AGRICULTURAL POLICY IN POLAND IS TO
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INCREASE POLISH CONSUMPTION OF FEED GRAINS AND HIGH PROTEIN FEEDS THROUGH PRACTICAL DEMONSTRATIONS OF INCREASED EFFICIENCY AND ECONOMY, WITH THE ULTIMATE AIM OF INCREASING LIVESTOCK NUMBERS. SINCE 1975, US AGRICULTURAL COOPERATOR GROUPS WORKING IN POLAND (E.G., US FEED GRAINS COUNCIL, AMERICAN SOYBEAN ASSOCIATION) HAVE ESTABLISHED A FIRM BASE OF CREDIBILITY IN POLAND AND A POSITIVE ATMOSPHERE OF COOPERATION WITH THEIR POLISH WORK-

ING PARTNERS HAS BEEN ESTABLISHED. BOTH SIDES BENEFIT FROM THIS COOPERATION, THE US FROM INCREASED POLISH CONSUMPTION OF US FARM COMMODITIES, AND POLAND FROM MORE EFFICIENT AND ECONOMIC LIVESTOCK FEEDING PRACTICES. A GROWING LIVESTOCK POPULATION WILL REQUIRE INCREASINGLY GREATER AMOUNTS OF IMPORTED FEEDS. WE SHOULD CONTINUE TO SUPPORT THE WORK OF US AGRICULTURAL COOPERATOR GROUPS AND INITIATE NEW PROGRAM PROPOSALS WHICH WILL INCREASE INVOLVEMENT OF AMERICAN GROUPS WITH THE POLISH FOOD AND LIVESTOCK INDUSTRIES.

3. AMERICAN COMMERCIAL PRICES ARE SOMETIMES NOT COMPETITIVE WITH OTHER SUPPLIERS, WHO ARE ABLE TO UNDERCUT US PRICES THROUGH GOVERNMENT OWNED OR CONTROLLED MARKETING ORGANIZATIONS. THEREFORE, THE JUDICIOUS USE OF AGRICULTURAL CREDITS MIGHT BE A FACTOR IN COUNTERING SOMEWHAT THE EFFECT OF LOWER COMPETING PRICES--IF THE TERMS ARE ATTRACTIVE ENOUGH. HERETOFORE, CCC CREDIT HAS BEEN A MOST USEFUL TOOL FOR THE UNITED STATES. HOWEVER, IN A SITUATION OF SHARPLY INCREASED POLISH DEMANDS FOR AGRICULTURAL COMMODITIES, WITH RESULTING HEAVIER REQUIREMENTS FOR CREDIT, THE THREE-YEAR TERMS OF THE CCC FACILITY HAVE BECOME SOMEWHAT LESS ATTRACTIVE THAN THEY WERE WHEN SMALLER DOLLAR AMOUNT WERE INVOLVED.

4. THE PROPOSAL NOW UNDER CONSTRUCTION BY THE USG TO ESTABLISH MEDIUM-TERM CREDIT FACILITIES FOR FINANCING LARGER PURCHASES OF AGRICULTURAL COMMODITIES, WILL, IF REALIZED, MAKE AVAILABLE A CONFIDENTIAL

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MORE FLEXIBLE AND ATTRACTIVE MARKETING TOOL OVER THE NEXT SEVERAL YEARS. THE POLISH GOVERNMENT HAS GIVEN TOP PRIORITY TO INCREASED MEAT PRODUCTION, BUT DOMESTIC GRAIN YIELDS IN 1978 AND BEYOND WILL NOT BE ADEQUATE TO COVER DEMAND, EVEN IF HARVESTS ARE GOOD. CONSEQUENTLY, POLAND WILL CONTINUE TO BE DEPENDENT TO A LARGE DEGREE ON IMPORTED GRAINS TO COVER LONG-TERM DEFICITS.

5. ON THE OTHER HAND, IT MUST ALSO BE ASSUMED THAT POLAND'S WEATHER-RELATED AGRICULTURAL WOES WILL NOT LAST FOREVER, AND THAT BETTER HARVESTS WILL SOMEWHAT RELIEVE THE BURDENS WHICH NOW EXIST. ONCE THAT SITUATION DEVELOPS, DEMANDS FOR IMPORTS WILL UNDOUBTEDLY SOFTEN. HOW MUCH OF THAT MARKET THE US WILL SHARE WILL DEPEND TO A GREAT EXTENT ON OUR COMPETITIVE POSITION. SINCE POLAND HAS SUCCEEDED IN SETTING UP SEVERAL BILATERAL GRAIN ARRANGEMENTS WITH OTHER SUPPLIERS IN RECENT YEARS, WE BELIEVE THE ADOPTION OF A US MEDIUM-TERM CREDIT PROGRAM IS IMPORTANT IF WE ARE TO CONTINUE TO BE A PRIMARY RATHER THAN RESIDUAL SUPPLIER OF GRAIN TO THE POLISH MARKET.

6. TO BROADEN AGRICULTURAL UNDERSTANDING AND COOPERATION WITH POLAND, WE SHOULD CONTINUE TO ENCOURAGE THE TRAVEL TO THE

UNITED STATES OF POLISH SCIENTISTS, TECHNICIANS, SPECIALISTS, AND YOUNG FARMERS UNDER EXISITNG PRIVATE AND GOVERNMENTAL SPONSORED PROGRAMS. BY FOCUSING ON SUBJECT MATTER OF SUBSTANCE AND IMMEDIACY, WE WILL CONTRIBUTE TO THE ADVANCEMENT OF OUR MUTUAL INTERESTS.

7. WE THINK A VISIT BY SECRETARY OF AGRICULTURE BERGLAND TO POLAND IN 1978 WOULD BE BENEFICIAL IN ESTABLISHING A PERSONAL RELATIONSHIP WITH THE NEW MINISTER OF AGRICULTURE, LEON KLONICA, WHICH WILL HELP REAFFIRM OUR CLOSE WORKING RELATIONSHIP WITH POLISH AGRICULTURE.

8. IN REGARD TO THE PRESIDENT'S DIRECTIVE ON HUMAN RIGHTS (STATE 45685), AGRICULTURAL CREDIT MIGHT EFFECTIVELY BE USED TO

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ACCOMPLISH SPECIFIC USG OBJECTIVES IN POLAND. PORGRESS ON DIVIDED FAMILES AND THE PROVIDING OF CERTAIN AGRICULTURAL AND OTHER ECONOMIC INFORMATION, ARE JUST TWO OF THE CLEARLY DEFINED PROBLEM AREAS WHICH MIGHT BENEFIT. CARE MUST BE EXERCISED, HOWEVER, TO AVOID OPEN CONFRONTATION, PERHAPS FORCING THE POLES TO CHOOSE BETWEEN CONTINUED CLOSE COOPERATION WITH THE US IN AGRICULTURAL MATTERS AND REASSERTION OF FIDELITY TO USSR. WE KNOW THEY WOULD ALWAYS CHOOSE THE LATTER. WHAT WE MUST STRIVE FOR IS REAL PROGRESS ON OUR HUMAN RIGHTS OBJECTIVES, WITH THE MEANS AT OUR DISPOSAL. BY QUIETLY BUT FIRMLY FOCUSING ON DEFINTIE, CLEAR CUT PROBLEMS OF CURRENT AND LONGER TERN IMETEREST TO THE UNITED STATES IN DEALING WITH HUMAN RIGHTS IN POLAND, WE BELIEVE WE ARE MORE LIKELY TO REALIZE SUCH PROGRESS, WHILE SIMLTUANEOUSLY NOT ENDANGERING ALL THAT HAS BEEN BUILT IN THE AREA OF AGRICULTURAL RELATIONS-NOT THE LEAST OF WHICH IS A HIGHLY PROFITABLY AGRICULTURAL TRADE.

9. IN SUM, THE DEVELOPMENT AND MAINTENCNACE OF A VIABLE, GROWTH-ORIENTED LIVESTOCK ECONOMY IN POLAND IS IN OUR INTEREST FOR A NUMBER OF REASONS. TO THE EXTENT THAT THIS GROWTH RESTS ON IMPORTED GRAINS AND FEEDS, WE HAVE IMPORTANT COMMERCIAL INTERESTS TO BE SERVED. WE BELIEVE THESE INTERESTS CAN BE VIGOROUSLY PURSUED WITHOUT COMPROMISSING OUR OVERRIDING HUMAN RIGHTS OBJECTIVES.

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